



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

DA 18-964

Released: September 18, 2018

**DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL
OF THE SUBSIDIARIES OF SMART CITY HOLDINGS, LLC TO
SAPPHIRE INTERMEDIATE HOLDINGS, LLC**

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 18-268

Comment Due: October 2, 2018

Reply Comments Due: October 9, 2018

By this Public Notice, the Wireline Competition Bureau seeks comment from interested parties on an application filed by Smart City Holdings, LLC (Smart City) and Sapphire Intermediate Holdings, LLC (Sapphire Intermediate Holdings) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules, requesting Commission approval to transfer control of Smart City's indirect subsidiaries, Smart City Telecommunications LLC (SCT); Smart City Solutions, LLC (SCS); Smart City Networks, Limited Partnership (SCN); Smart City of Washington D.C., LLC (SDC); and Convention Communications Provisioners, Inc. (CCP) (collectively, Licensees), to Sapphire Intermediate Holdings.¹

Smart City, a Delaware limited liability company, is the sole member of several subsidiaries including Smart City Finance, LLC (Smart City Finance), SCN-GP, LLC (SCN-GP), and SCN-LP LLC (SCN-LP), each also Delaware limited liability companies which, in turn, hold the interests of the Licensees. SCT, a Delaware limited liability company, provides service as an incumbent local exchange carrier (LEC) in Celebration, Lake Buena Vista, Little Lake Bryan, and Bay Lake, Florida. SCS, a Florida limited liability company, provides competitive telecommunications services in Florida. SCN, a Florida limited partnership, is authorized to provide competitive intrastate telecommunications services in Florida, North Carolina, and Nevada. SDC, a District of Columbia limited liability company, provides competitive telecommunications services in Washington, D.C. CCP, a Washington State corporation, provides competitive telecommunications services in Washington.

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Applicants also filed applications for the transfer of authorizations associated with international and wireless services. On September 12 and 14, 2018, Applicants filed supplements to their domestic section 214 application. Any action on the domestic section 214 application is without prejudice to Commission action on other related, pending applications.

Sapphire Intermediate Holdings, a Delaware limited liability company, was created for the purposes of this transaction to be the sole stockholder (with 100 percent equity and voting interest) of two newly created subsidiaries —Sapphire Telecom, Inc. (Sapphire Telecom) and Sapphire Convention, Inc. (Sapphire Convention), each Delaware corporations which, upon closing, will hold the interests of Smart City Finance, SCN-GP, and SCN-LP.² Sapphire Acquisition Holdings, LLC (Sapphire Parent), a Delaware limited liability company, was formed to hold the collective investments made by Smart City’s management and investment funds (Funds) managed by Court Square Capital Partners (Court Square), a New York private equity firm.³ CSC Sapphire Holdings, L.P. (CSC Sapphire Aggregator), a Delaware limited partnership and holding company, was formed by Court Square to hold the Funds’ aggregate equity investments in Sapphire Parent. CSC Sapphire Aggregator, in turn, is owned (96.82 percent) by Court Square Capital Partners III, L.P. (CSC Fund III).⁴ The sole general partner of CSC Sapphire Aggregator and CSC Fund III is Court Square Capital GP III, LLC (GP).⁵ All entities are U.S.-based.

Pursuant to the terms of the proposed transaction, Smart City will transfer all of its membership interests in each of Smart City Finance, SCN-GP, and SCN-LP to Sapphire Intermediate Holdings. Following the consummation of the transaction, Sapphire Intermediate Holdings will indirectly own and control the Licensees. Applicants state that the affiliates of Sapphire Intermediate Holdings do not provide telecommunications services in Florida that overlap with or are adjacent to SCT’s incumbent LEC service areas in Florida. Applicants assert that a grant of the application will serve the public interest, convenience, and necessity. Because the proposed transaction is more complex than usual and in order to analyze whether it would serve the public interest, this application will not be streamlined.⁶

Domestic Section 214 Application Filed for the Transfer of Control of the Subsidiaries of Smart City Holdings, LLC to Sapphire Intermediate Holdings, LLC, WC Docket No. 18-268 (filed Sept. 5, 2018).

² Applicants state that several *pro forma* transactions will occur in connection with this proposed transaction.

³ Applicants state that Court Square controls various other telecommunications entities: Conterra Ultra Broadband Holdings, LLC and its subsidiaries Broadplex LLC (providing competitive local and interexchange services in North and South Carolina), Conterra Ultra Broadband, LLC (providing transport and access for wireless carriers in multiple states), Detel Wireless, LLC (providing competitive local and interexchange services in Mississippi and Louisiana), and Network USA, LLC and Sun America Communications, LLC (providing access and transport services in Arkansas, Louisiana, Mississippi, and Texas); MBS Holdings, Inc., and its subsidiaries Alteva of Warwick, LLC (providing incumbent and competitive LEC services in New York and New Jersey) and Momentum Telecom, Inc. (providing competitive LEC services in multiple states); and Encompass Digital Media Group and its subsidiary BFI Licenses, LLC (holding international, wireless, and satellite earth station authorizations).

⁴ Applicants state that, at closing, the Funds will collectively own all of the limited partnership interests in CSC Sapphire Aggregator and will indirectly own between 93 and 95.1 percent of the Licensees (through Sapphire Parent and Sapphire Intermediate Holdings). Applicants further state that CSC Fund III will hold 96.82 of the membership interests in CSC Sapphire Aggregator and, in turn, will indirectly hold between 90.04 and 92 percent of the equity in Sapphire Parent and, thereby, the Licensees.

⁵ Applicants state that the GP is managed and controlled by a board composed of members of the GP, all of whom are U.S. citizens.

⁶ 47 CFR § 63.03(c)(1)(v).

GENERAL INFORMATION

The application identified herein has been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies.

Interested parties may file comments and petitions **on or before October 2, 2018**, and reply comments or oppositions to petitions **on or before October 9, 2018**. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by paper. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- Electronic Filers: Comments may be filed electronically by accessing ECFS at <http://apps.fcc.gov/ecfs/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. Paper filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC, 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. All envelopes and boxes must be disposed of before entering the building.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD, 20701.
 - U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC, 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at 202-418-0530 (voice), 1-888-835-5322 (tty).

In addition, please provide one copy of each pleading to each of the following:

- 1) Jim Bird, Office of General Counsel, transactionteam@fcc.gov;
- 2) Dennis Johnson, Wireline Competition Bureau, dennis.johnson@fcc.gov;
- 3) Tracey Wilson, Wireline Competition Bureau, tracey.wilson@fcc.gov;
- 4) David Krech, International Bureau, david.krech@fcc.gov;
- 5) Sumita Mukhoty, International Bureau, sumita.mukhoty@fcc.gov.

The proceeding in this Notice shall be treated as a permit-but-disclose proceeding in accordance with the Commission's *ex parte* rules.⁷ Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two

⁷ 47 CFR § 1.1200 *et seq.*

business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of data or arguments already reflected in the presenter's written comments, memoranda, or other filings in the proceeding, then the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b), 47 CFR § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

To allow the Commission to consider fully all substantive issues regarding the Applications in as timely and efficient a manner as possible, petitioners and commenters should raise all issues in their initial filings. New issues may not be raised in responses or replies.⁸ A party or interested person seeking to raise a new issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously. Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

For further information, please contact Myrva Charles at (202) 418-1506 or Gregory Kwan at (202) 418-1191.

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⁸ See 47 CFR § 1.45(c).